

Application No. 09/397,008
Draft Amendment
Reply to Office Action of May 4, 2006

Docket No.: 21736-00012-US

REMARKS

This amendment is responsive to the Office Action of May 4, 2006. In the Office Action, the Examiner acknowledged that claims 26-30, 43-55, 58-61, 113-115, 126-133, 139-141, 152-173 had been allowed. These claims, and all the other claims pending in the application have now been rejected. The most recent Office Action indicates that the Examiner has made an updated search and found and applied new prior art.

The May 4, 2006 Office Action includes a single rejection of claim 26-30, 43-55, 58-61, 113-115, 126-133, 139-141 and 152-173 as unpatentable over Anthes (previously cited) and Washington Telecom News (newly cited). Applicant's review of these two references, however, indicates that both describe the very same FCC auction. Under these circumstances, it is unlikely that the Washington Telecom News would disclose subject matter which is not present in Anthes and as we demonstrate below, it does not. Thus applicant submits that the claims patentably define over the art, whether the references are taken singly or in combination wherefor reexamination and allowance of the application is solicited.

Pursuant to Section 706.02(j) of the MPEP, three criteria must be met in order to establish a *prima facie* case of obviousness. First, there must be some suggestion or motivation, whether in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Third, the prior art reference or references must teach or suggest all the claimed limitations. The teachings or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicants' disclosure.

As will become clear hereinafter, the third criteria specified in the MPEP for an obviousness rejection is particularly important here, e.g., "the prior art reference or references must teach or suggest all the claimed limitations".

This amendment is also filed following an interview conducted on May 23, 2006. The courtesies extended by the Examiner during the course of the interview are appreciated.

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Many of the claims have been amended in respect of the preamble. Many of the rejected claims included a preamble that recited an auction having the characteristics of "allowing assignment of objects at different prices". In the context of this application, wherein in one embodiment "the present invention is a computerized method of conducting an auction of one or more identical objects, similar objects or close substitutes", the applicant believed that it was implicit in the preamble that the auction which allowed assignment of objects at different prices was an auction of either identical objects, similar objects or close substitutes. However, many of the claims have been amended to expressly recite that the auction allows "assignment of identical objects, similar objects or close substitutes at different prices". It will be immediately apparent that the Anthes and Washington Telecom references are particularly inapt since the FCC Auction described in both references does not deal with "identical objects, similar objects or close substitutes", rather it deals with an auction of spectrum licenses each of which is necessarily unique.

During the course of the interview the applicant had argued that many of the claims distinguish from the art in respect of the subject matter of "assigning the determined quantity of objects to the determined bidder in the current round" or at the current time or at the current price. At the interview, however, the Examiner alleged that the term "assigning" did not necessarily indicate a winning bidder or create an obligation with respect to the determined bidder for the completion of a transaction such as either a purchase or sale. Applicant pointed out that the specification in this application provided exactly that meaning. In particular, (referring to the specification of Patent 6,026,383 which was issued on an application which is the parent to this application) the specification provides that determining whether any of the objects should be assigned to any bidders in this round is accomplished by "determining for each bidder, sequentially, whether the sum of the bids of all of the other bidders is less than the number of objects available. In other words, is there one object which is desired by only one bidder? Those objects are then assigned to that bidder, obliging that bidder to purchase them at the price standing at that time" (emphasis added 3:10-14) Likewise, the specification at column 7, lines 33-35 describes steps 212-3, as shown in Figure 2B, a detail of which is shown in Figure 2C. The specification characterizes the subject matter of these Figures as showing a function which "assigns objects to any winning bidders"(7:35). Thus applicant submits that it is entirely

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evident that even though the auction has not been concluded, the bidders to whom an object is assigned represent the winning bidder, or the assignment creates an obligation for the determined quantity with respect to the determined bidder.

Applicant will now demonstrate that the rejected claims are patentable over the cited art.

Both Anthes and the Washington Telecom News describe an FCC auction in which the subject matter being auctioned are Spectrum Licenses. Each Spectrum License is unique and thus neither reference describes an auction which auctions "identical objects, similar objects or close substitutes". Accordingly, neither auction could be one in which assignment of identical objects, similar objects or close substitutes is effected at different prices. Notwithstanding the fact that neither Anthes nor the Washington Telecom News describe such an auction, that preamble is found in many of the independent claims including claims 26, 28, 29, 30, 43, 44, 45, 46, 47, 51, 58, 59, 60, 61, 113, 114, 115, 127, 139, 140, 141 and 153.

Many of the claims distinguish from both references on the subject matter reciting that "the determined quantity of objects" are assigned "to the determined bidder in the current round". The subject matter is found claims 26, 28, 29, 30, 43, 44, 45, 46, 47, 51, 58, 59, 60 and 61. The Action, at page 3 asserts that this subject matter is found in the first paragraph of page 2 of Anthes. This is not so. All the reference says at page 2 is that new rounds are held until there is no new bid. This is not the same as assigning the determined quantity of objects to the determined bidder in the current round. There is another reason why the references are inapt.

In the FCC Spectrum Auction (which is the subject of both of the references), all licenses are available throughout the auction to any bidder until the auction is terminated. At that time all licenses are awarded to the winning bidders. On the other hand, in the auction described in the claims, objects will be assigned as soon as a winning bidder is determined, irrespective of the status (being assigned or not) of any other object. This feature provides an incentive for a bidder to bid full value for any object since the object may be acquired early in the auction. In the FCC Spectrum auction, which maintained all licenses available until all are assigned, this incentive is not present and this feature is not described in either reference.

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The Action argues (at page 5) that the claims do not say when the objects are assigned. This is clearly not true, for the claims being discussed here specify that the objects are assigned "in the current round".

The Office Action also argues (page 5) that an active bidder, as described in the Telecom News reference, is the same as having an object assigned to the bidder. This too is not true. There may be many active bidders for a given object; for example every bidder who places a bid over the minimum increment is considered an active bidder. This not the same as having an object assigned to the bidder. The claims have now been amended to specify that having an object assigned is tantamount to an obligation to complete a transaction or indicates a winning bidder. Neither phrase has any correspondence in either Anthes or the Telecom News. On this basis applicant submits that the claims 26, 28, 29, 30, 43, 44, 45, 46, 47, 51, 58, 59, 60, and 61, in which the subject matter is found (and the claims dependent thereon) clearly distinguish over both references.

Other claims which call for assigning "the determined quantity of objects to the determined bidder at the current time (including claims 113-115, 127, 139-141 and 153, and the claims dependent thereon) clearly distinguish from both references on the basis that neither reference describes assigning "the determined quantity of objects to the determined bidder at the current time". Other claims have a different recitation related to assigning. These claims use a comparison of a sum of quantities from the bids of bidders other than a bidder being considered (for a current assignment). No such feature was part of the FCC Spectrum Auction and no such feature is described in either reference.

The group of claims including claim 160, 163, 167 and 170, and the claims dependent thereon distinguish from each of the references for two different reasons. Each of these claims calls for "constraining bids so that the quantity contained in a bid at a current time can be no greater than the quantity contained at an earlier bid". The Office Action (page 8) admits that this subject matter is not found in the Anthes reference. On the other hand, the Office Action argues that the Telecom reference describes related subject matter, in particular, that a bid must be higher than an earlier bid. Properly understood, the Telecom disclosure (requiring one bid to be higher than a bid in an earlier round) has nothing to do with the constraining subject matter. The references describe an auction in which the bid is a price; furthermore, there is a minimum

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increment from one round to the next so that any bid in round $n+1$ must be greater than the bid in round n by at least the amount of the increment. On the other hand, the subject matter in these claims require "receiving bids submitted by a plurality of bidders, each said bid indicating at least a quantity of the items that a bidder wishes to transact at a current time" and "the quantity contained in a bid at a current time can be no greater than the quantity contained in an earlier bid". In other words the "quantity" component of a bid relates to the "quantity of the items", whereas in the references the word "quantity" (if present) relates to a price. The requirement in Telecom that a bid must be higher than a bid in an earlier round cannot be reconciled with the claimed subject matter in which "the quantity contained in a bid at the current time can be no greater than the quantity contained in an earlier bid" because the reference is referring to price but the claimed subject matter is referring to quantity. How can it be argued that the reference, disclosing that bid price *must increase* is somehow related to claims which mandate that the quantities of items in a bid *cannot increase*? There is simply no disclosure of the subject matter in the Telecom reference. Inasmuch as there is no disclosure of the subject matter in either reference it is clear that the claims patentably define over either reference or the combination of references.

The same claims (160, 163, 167, 170 and the claims dependent thereon) also call for "determining whether the auction should end or continue, based on a comparison of the sum quantity of items the bidders wish to transact at the current time and an available quantity of items". The Action argues (page 4) that the claimed subject matter is implied in the Anthes reference. In particular, the action argues that "the Examiner notes that in order to know if a winner will receive all winning objects, a comparison would have been made with the number of available objects with the sum quantity of objects being transacted at the current price." Applicant submits that Examiner's argument is not related to the reference and is based on applicant's disclosure. Because Anthes describes an auction of licenses, in which each license is unique, there is no merit to the suggestion that the reference implies summing any quantity because the number of licenses subject to auction has no meaning; each bidder is bidding individually for each of the different licenses. Since neither reference describes any summing of any quantity for any purpose the Examiner's obviousness argument has no relation to the

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reference, rather the argument is inspired by applicant's disclosure. This is impermissible hindsight.

Applicant submits that claims 160, 163, 167 and 170, and the claims dependent thereon distinguish from either reference based on the constraining subject matter and the determination as to whether the auction should end or continue based on a quantity comparison.

Still other claims (28, 29, 30, 51, 160 and 167 and the claims dependent thereon) specify a bid, includes "a quantity parameter indicating a quantity of objects to be transacted". The Office Action argues (page 3) that the reference shows bids which indicate a quantity. However, this is different from the claimed subject matter. The action argues (page 3) that "a bid indicating at least a quantity of the items that a bidder wishes to transact" is taught on page 2, first paragraph of Anthes. The first paragraph of page 2 of the reference says "bids are submitted privately and electronically, and bidders see all competing bids at the end of each round. Additional rounds are held until no new bid is received for any license." We may assume that a bid indicated that a bidder was bidding a specified price on license F (where the available set of licenses was A, B, C, D, E, F and G). However, that subject matter is different from the subject matter of the claim which specifies that a bid includes "a quantity parameter": for example, a bid indicated that a bidder was bidding on a quantity of 3 licenses at a specified price. Just where in the assumption is there "a quantity parameter"? The answer is simple, there is none. The claims (28, 29, 30, 160 and 167 and the claims dependent thereon) distinguish from both references on this basis.

In summary applicant asserts there are significant distinguishing recitations in the claims which include:

[P] The preamble – the auction allowing assignment of identical objects, similar objects or close substitutes at different prices".

[A] An Assigning recitation - assigning at the current time, round or price.

[A'] Another Assigning recitation – assigning based on comparison using a sum of quantities contained in bids of others.

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[C] The Constraining recitation – constraining bids so the quantity contained in a bid is no larger than a quantity contained in an earlier bid.

[D] The Determining recitation – determining whether the auction should continue based on a comparison of the sum of quantities contained in current bids.

[D'] Another Determining recitation – determining using a comparison based on a sum of quantities contained in current bids in connection with assigning.

[Q] The Quantity parameter – bids include a parameter “indicating a quantity of the items that a bidder wishes to transact at the current time”.

These different recitations (indicated by the related letter P, A, A', C, D, D' or Q) are found in the claims as indicated in the following table (of independent claims):

Claim	P	A or A'	C	D or D'	Q
26	Yes	A		D'	
28	Yes	A			
29	Yes	A			Yes
30	Yes	A			Yes
43	Yes	A and A'			Yes
44	Yes	A	Yes	D'	
45	Yes	A			
46	Yes	A			
47	Yes	A			
51	Yes	A		D'	Yes
58	Yes	A and A'			
59	Yes	A			
60	Yes	A			
61	Yes	A			
113	Yes	A		D'	
114	Yes	A and A'			
115	Yes	A and A'			
127	Yes	A and A'			
139	Yes	A		D'	
140	Yes	A and A'			

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141	Yes	A and A'			
153	Yes	A and A'			
160			Yes	D	Yes
163			Yes	D	
167			Yes	D	
170			Yes	D	Yes

Applicant believes that this application is now in condition for allowance and the allowance of the application is solicited.

Applicant believes no fee is due with this response. However, if a fee is due, please charge our Deposit Account No. 22-0185, under Order No. 21736-00012-US from which the undersigned is authorized to draw.

Dated: 8/1/06

Respectfully submitted,

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